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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

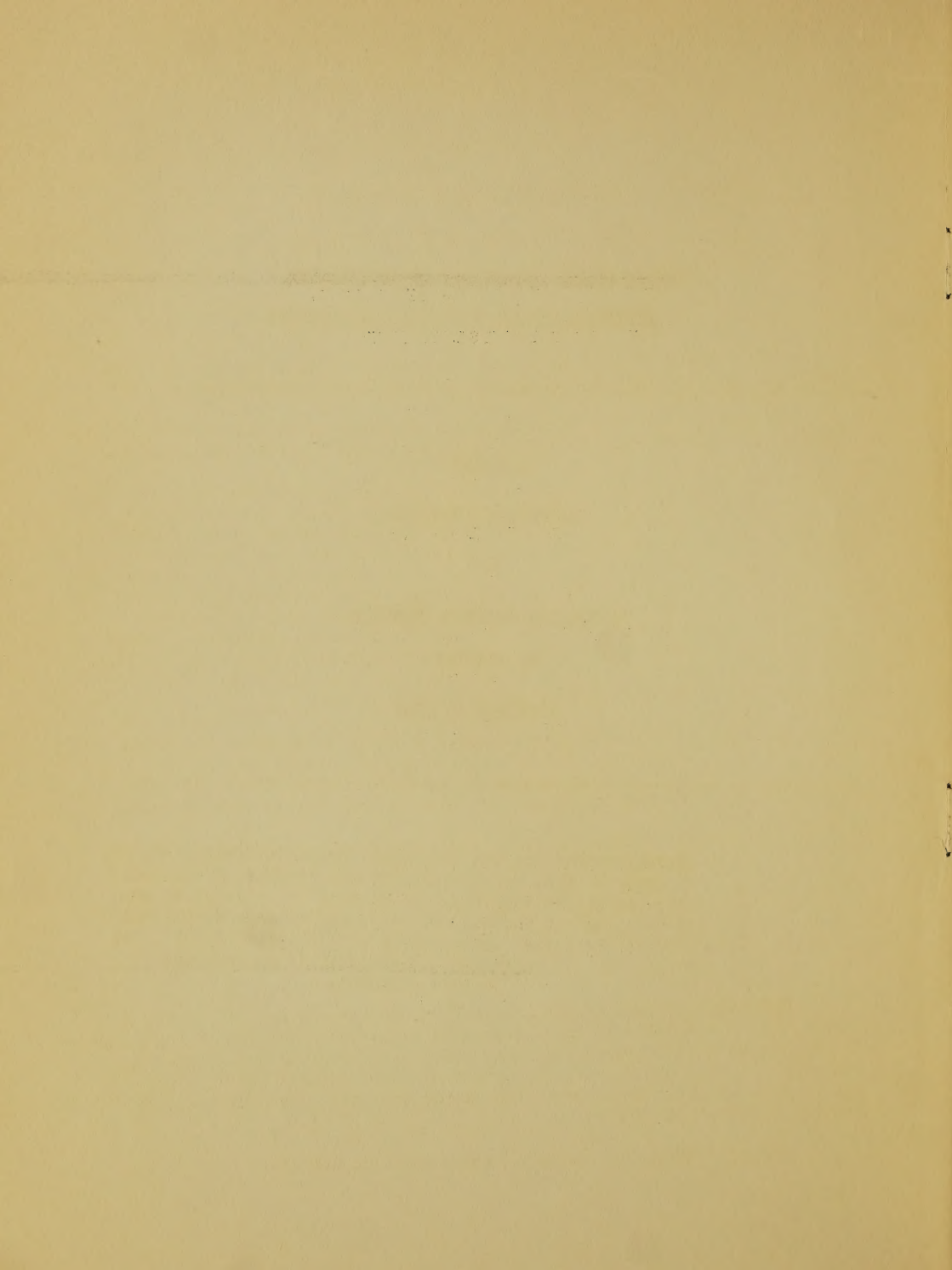
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PROPOSED  
MARKETING AGREEMENT  
for  
COTTONSEED CRUSHING INDUSTRY  
as drafted

NOVEMBER 4, 1933

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The Agreement for the Cottonseed Crushing Industry in its present form merely reflects the proposal of the above mentioned industry, and none of the provisions contained therein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this industry.



PROPOSED MARKETING AGREEMENT FOR  
THE COTTON SEED CRUSHING INDUSTRY

ARTICLE I

The parties to this Agreement are the contracting cottonseed crushing mills, and the Secretary of Agriculture of the United States.

WHEREAS, it is the declared policy of Congress as set forth in Section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended -

- (a) To establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period, the base period in the case of all agricultural commodities except tobacco being the prewar period, August 1909 - July 1914, and in the case of tobacco, the base period being the postwar period, August 1919-July 1929;
- (b) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as deemed feasible in view of the current consumptive demand in domestic and foreign markets; and
- (c) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the prewar period, August 1909 - July 1914; and -

WHEREAS, pursuant to the Agricultural Adjustment Act, the parties hereto, for the purpose of correcting conditions now obtaining in the crushing of cotton seed in the cotton belt and in the handling and sale of cotton seed and its products, and to effectuate the declared policy of the Act, desire to enter into a Marketing Agreement under the provisions of Section 8 (2) of the Act;

NOW, THEREFORE, the parties hereto agree as follows:



## ARTICLE II

As used in this Agreement, the following words and phrases are defined as follows:

- (a) The term "Secretary" means the Secretary of Agriculture of the United States.
- (b) The term "Act" means the Agricultural Adjustment Act approved May 12, 1933, as amended.
- (c) The term "Person" means individual, partnership, corporation, association and any other business unit.
- (d) The term "Cotton seed" means the seed of the cotton plant after passing through the ginning processes.
- (e) The term "Cottonseed products" means the four principal crude products recovered from cotton seed by crushing mills, including crude oil, cake and/or meal, linters, and hulls.
- (f) The term "Mills" means individuals, firms, partnerships, societies, corporations, associations, receivers in bankruptcy, and others engaged in processing and crushing of cotton seed and the production of products therefrom.
- (g) The term "Dormant mill" means any mill not now crushing cotton seed and that has not crushed any cotton seed during the period beginning August 1, 1931, and ending October 1, 1933.
- (h) The term "books and records" means any books, records, accounts, contracts, documents, memoranda, papers, correspondence or other written data pertaining to the business of the person in question.
- (i) The term "subsidiary" means any person, of or over whom, the contracting mill has, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.
- (j) The term "affiliate" means any person who has, either directly or indirectly, actual or legal control of or over a contracting mill, whether by stock ownership or in any other manner.
- (k) The term "State Committee" means the Committee created pursuant to Article III of this Agreement.

- (l) The term "National Committee" means the National Administrative Committee created pursuant to Article III of this Agreement.
- (m) The term "Director" means the person employed jointly by the Secretary and the mills as Chairman of the National Committee pursuant to Article II, Section 2, of this Agreement.
- (n) The term "The Official Standards of the United States" means that permissive system of grading, sampling and analyzing cotton seed sold or offered for sale for crushing purposes as released over the signature of Arthur M. Hyde, Secretary of Agriculture under date of May 23, 1932, United States Department of Agriculture, Bureau of Agricultural Economics, Service and Regulatory Announcements No. 133, S.R.A. - B.A.E. 133, issued August, 1932.

### ARTICLE III

1. The mills agree to the establishment of State Administrative Committees and/or subcommittees and a National Administrative Committee for the administration of the marketing plan as herein set forth. The personnel, method of appointment or election, the jurisdiction, and the duties and/or powers of said State Committees and said National Committee and subcommittees shall be as set forth in Exhibit A, hereto attached and made a part hereof.

2. The mills agree that the National Committee shall appoint (subject to the approval of the Secretary) a competent person who shall be known as the Director, who shall be a representative of the producers and the consuming public. Said Director shall be ex officio chairman of said National Committee, and the duties and/or powers of said Director are as fully set forth in Exhibit A, hereto attached and made a part hereof.

3. It is agreed by the mills that the State Committees shall have the power to determine the minimum and maximum spread between the products' value and the price that may be paid for cotton seed of the basis grade. Provided, however, that such determination of spreads shall not be effective without the approval of the National Committee and the Secretary. The mills agree to furnish such necessary information to the State Committees, the National Committee, the Director and the Secretary as to costs of operation, valuation of assets, capitalization, and other accounting and trade and market information as may be reasonably required for the purpose of ascertaining fair and equitable spreads as above set forth.

4. The mills agree to the establishment of a system of open prices, to be administered by the State and National Committees as more fully set forth in Exhibit B, hereto attached and made a part hereof.



5. The mills agree that additional mills shall not be erected, dormant mills reopened nor old mills relocated or enlarged until it shall be shown that an economic need for such added facility exists. Application for such facilities shall be made to the State Committee which shall forward same with its recommendation to the National Committee for determination; any mill affected by such a determination may appeal therefrom to the Secretary. Provided, however, that nothing in this section shall prevent the replacement of old, worn, or destroyed apparatus or equipment in active mills.

6. The mills agree that each State Committee shall report to the Director the location and capacity of the mills necessary for the economical crushing of cotton seed in its state or region, based on the estimated production as of July each year. Should it be shown by any such reports that the crushing capacity is greater in any state or region than compatible with economic crushing, the State Committees shall devise plans for the reduction of the excess capacity. Such plans, when mutually agreed upon by not less than 75 percent of the mills in the region affected, shall be submitted to the National Committee for transmittal to the Secretary. When approved by the Secretary such plans may be consummated but not before.

7. The mills agree to a plan of economical operation of the industry as set forth in Exhibit C, hereto attached and made a part hereof.

8. The Secretary has, on the \_\_\_\_ day of November, 1933, entered into a marketing agreement with certain cotton ginner, in which marketing agreement (Article II, section 6-h and in Article VI, Sections 1, 2 and 3, attached hereto as Exhibit D and made a part hereof) certain stipulations are set up regarding the marketing and handling of cotton seed. The mills agree to those specific provisions of the said Cotton Ginner's Marketing Agreement which relate to the establishment of ginning communities and the purchase of cotton seed.

9. The rules of fair practices, set forth in Exhibit E, which is attached hereto and made a part hereof, shall be the rules of fair practices for the mills.

10. The mills shall severally, from time to time, upon the request of the Secretary, furnish him such information, on and in accordance with forms of reports to be supplied by him, as may be necessary for the purposes of (1) assisting the Secretary in the furtherance of his powers and duties with respect to this Agreement, and/or (2) enabling the Secretary to ascertain and determine the extent to which the declared policy of the Act and the purposes of this Agreement will be effectuated, such reports to be verified under oath. The mills also severally agree that, for the same purposes, and/or to enable the Secretary to verify the information furnished him on said forms of reports, all their books and accounts and records, and the books and records of their affiliates and subsidiaries, shall during the usual hours of business be subject to the examination of the Secretary.

The mills shall severally keep books and records which will clearly reflect all financial transactions of their respective businesses and the financial condition thereof, and shall see to it that their respective subsidiaries and affiliates keep such records. All information furnished the Secretary pursuant to this section shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

11. The contracting mills hereby apply for and consent to licensing by the Secretary, subject to the applicable General Regulations, Agricultural Adjustment Administration.

12. Amendments may be proposed by any mill. Each proposal shall be filed with the appropriate State Committee for consideration. The State Committee shall submit the proposed amendment to the National Committee with its recommendation which in turn, shall submit the proposed amendment to the Secretary with its recommendation. Amendments shall become effective upon approval of the Secretary and upon such date as he shall determine. The State and National Committees and the Secretary may call such hearings as may be deemed necessary for a proper consideration of any proposed amendment.

13. This Agreement shall become effective at such time as the Secretary may declare above his signature attached hereto, and this Agreement shall continue in force until terminated as follows:

- (a) The Secretary may at any time terminate this Agreement as to all parties thereto by giving at least a one-day notice by means of a press release or in any other manner which the Secretary may determine.
- (b) The Secretary may at any time terminate this Agreement as to any party signatory hereto, by giving at least one day notice, by depositing the same in the mail and addressed to such party at his last known address.
- (c) The Secretary may terminate this Agreement upon the written request of mills, the sum of whose average crush by tons over the period of the last three preceding calendar years equals 75 percent of the average of the total crush by tons in said years by all mills parties hereto, by notice sent by telegram confirmed by registered mail, addressed to the members of the National Committee on or before the 20th day of any month as of the end of such month.
- (d) This Agreement shall in any event terminate whenever the provisions of the Act authorizing it cease to be in effect.

14. The benefits, privileges and immunities conferred by virtue of this Agreement shall cease upon its termination, except with respect to acts



done prior thereto; and the benefits, privileges and immunities conferred by this Agreement upon any party signatory hereto shall cease upon its termination as to such party except with respect to acts done prior thereto.

15. This Agreement may be executed in multiple counterparts, which when signed by the Secretary shall constitute, when taken together, one and the same instrument as if all such signatures were contained in one original.

16. After this Agreement first takes effect any mill may become a party to this Agreement, if a counterpart thereof is executed by him and by the Secretary. This Agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this Agreement shall then be effective as to such new contracting party.

17. If any provisions of this Agreement is declared invalid, or the applicability thereof to any person, circumstance or thing is held invalid, the validity of the remainder of this Agreement and the applicability of any provision to any other person, circumstance or thing shall not be affected thereby.

18. Nothing herein contained is or shall be construed to be in derogation or modification of the rights of the Secretary to exercise any powers granted to him by the Act or otherwise, and, in accordance with such powers, to act in the premises whenever he may deem it advisable.

19. The Secretary may by a designation in writing, name any person, including any officer or employee of the Government, to act as his agent in connection with any of the provisions of this Agreement.

#### ARTICLE IV

IN WITNESS WHEREOF the Contracting parties, acting under the provisions of the Agricultural Adjustment Act, for the purposes and subject to the limitations herein contained, and not otherwise, have hereunto set their respective hands and seals.

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Attest

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Attest



WHEREAS, it is provided by Section 8 of the Act as follows:

"Sec. 8. In order to effectuate the declared policy, the Secretary of Agriculture shall have power -

"(2) To enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the antitrust laws of the United States, and any such agreement shall be deemed to be lawful: Provided, that no such agreement shall remain in force after the termination of this Act." and

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of said Act, and the regulations issued thereunder, and

WHEREAS, it appears after due considerations, that this is a Marketing Agreement between the Secretary and persons engaged in the handling of cotton seed in the current of interstate and/or foreign commerce within the meaning of Section 8 (2) of the Act; and

WHEREAS, it appears after due consideration that the aforesaid marketing Agreement will tend to effectuate the policy of Congress set forth in Section 2 of the Act in that such marketing agreement will -

(a) Establish and maintain marketing conditions for cotton that will aid in the reestablishment of prices to producers thereof at a level that will give such agricultural commodity a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of such agricultural commodity in the base period as defined in Section 2 of said Act; and

(b) Approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is possible in view of the current consumptive demand in domestic and foreign markets; and

(c) Protect the Consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer above the percentage which was returned to the farmer in the prewar period, August 1909-July 1914.

WHEREAS, I herewith give notice that:- (1) The Secretary reserves the privilege of approving a blanket marketing agreement, pursuant to section 8 (2) of the Act, covering the whole chain of related industries, of which this industry forms one segment, after suitable investigation of the chain of industries which should participate in this blanket agreement.

Now, Therefore, the Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purposes and within the limitations therein contained, and not otherwise, does hereby execute this Agreement under his hand and the official seal of the Department of Agriculture in the City of Washington, District of Columbia, on this day of November, 1933, and pursuant to the provisions hereof I declare this Agreement to be effective on and after 12:01 A.M., Eastern Standard Time, November , 1933.

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Secretary of Agriculture.



EXHIBIT A

ADMINISTRATION

1. Within fifteen days after the effective date of this Agreement, as fixed by the Secretary, and thereafter annually on the first Tuesday of May, the mills of each State shall elect a State Administrative Committee and alternates. It is hereby provided, however, that two or more adjacent States may elect a single Committee to represent such States, and the State of Texas may elect two committees to be known as the North Texas and the South Texas committees, to be elected by the mills located north and south of the northern boundaries of the following counties: Shelby, Macagdoches, Angelina, Houston, Leona, Robertson, Milam, Williamson, Durnet, Llano, Gillespie, Kerr, Edwards, and Valverde.

2. Each State Committee shall consist of five members and three alternates. Each mill within the territory to be represented by such Committee shall be entitled to one vote in electing such Committee. No two members of the Committee shall represent the same mill interests. A member of the Committee shall be elected by vote of the Committee to act as Chairman.

3. The Chairmen of the several State Committees shall constitute a National Administrative Committee. As set forth in Article III, section 2, said National Committee shall appoint (subject to the approval of the Secretary) a competent person to be known as the Director, who shall represent the producers and the consuming public and be ex officio chairman of the National Committee. The salary and expenses of said Director shall be determined by the National Committee. Any action or matter disapproved by the Director shall not become effective unless approved by the Secretary.

4. Each State Committee shall have the following duties and/or powers:

(a) To supervise the performance of this Agreement and to act as intermediary between the mills under its jurisdiction and the National Administrative Committee and to require from mills such reports and information as may be necessary to carry out its duties.

(b) To employ such employees as it may deem necessary to the effectuation of its duties and to determine the salaries and define the duties of such employees.

(c) To require all mills in its jurisdiction to pay on a per ton basis such funds as it may find necessary to carry out its appointed duties, and to disburse such funds to carry out such duties.

(d) To collect the funds provided for in paragraph (d) of Section 5 of this Exhibit, and to transmit such funds to the National Committee.

- (e) To receive complaints, investigate alleged violations of this Agreement, make findings, with reference thereto, and to issue warnings to such violators. Provided, however, that if a member or alternate of such Committee shall in any case be a party charged with violation of this Agreement (or the representative of such a party), he shall for the purpose of the investigation of said allegation and determination of the issue be deprived of all his rights, duties and privileges as a member or alternate of the State Committee. Any order or ruling of a State Committee shall be subject to a right of appeal to the National Committee and to the Secretary.
- (f) To report to the National Committee the refusal of any mill to conform to an order of the State Committee.
- (g) To furnish to the National Committee complete records of investigations and findings in any case when so requested by the National Committee.
- (h) To perform such other duties and functions as may be assigned to it under any other stipulation or provision in this Agreement.
- (i) To collect and publish market information in accordance with the provisions of Exhibit B.
- (j) Each State shall maintain complete records of all transactions.
- (k) To appoint or elect sub-committees to aid said State Committees in the administration of this Agreement, but their decisions shall in all cases be subject to the approval of the State Committee.

5. The National Administrative Committee shall have the following duties and/or powers:

- (a) To coordinate the activities of the several State Committees.
- (b) To act as direct intermediary between the Secretary and the mills, and to interpret this Agreement for the signatories to this Agreement.
- (c) To employ such employees as it may deem necessary to the effectuation of its duties and to determine the salaries and define the duties of such employees.



- (d) Through the State Committees to collect such funds, as indicated in paragraph (d) of Section 4 of this Exhibit, from the mills on a per ton basis as it may find necessary to carry out its appointed duties and to disburse such funds to carry out such duties. Provided, that the total amount so collected shall not exceed three cents per ton.
- (e) On appeal from a decision of a State Committee, or on report by a State Committee of noncompliance with its rulings, to conduct investigations, make findings with reference thereto and issue rulings on such findings. Provided, that if a member of such Committee shall in any case be a party appellant from a decision of a State Committee (or the representative of such an appellant), or the party refusing to abide by a decision of the State Committee (or the representative of such party), he shall for the purpose of the investigation and determination of the issue be deprived of all his rights, duties and privileges as a member of the National Committee. Any ruling of the National Committee shall be subject to a right of appeal to the Secretary.
- (f) To report to the Secretary refusal of any mill to conform to any ruling issued by the National or State Committees.
- (g) To furnish to the Secretary complete records of investigations and findings in any case when so requested by the Secretary.
- (h) To perform such other duties and functions as may be assigned to it under any other stipulation or provision in this Agreement.
- (i) To establish systems of accounting for adoption by this industry which shall accurately reflect the true account and conditions of the businesses of the cotton mills.
- (j) The National Committee shall maintain complete records of all of its transactions.
- (k) To appoint or elect sub-committees to aid said National Committee in the administration of this Agreement, but their decisions shall in all cases be subject to the approval of the National Committee.

6. If information shall come to the knowledge of any mill of the violation of any of the terms or conditions of this Agreement by any other mill, the mill having such knowledge shall notify its State Committee of such violation by a written statement containing the charges and all available substantiating evidence.

7. In aid of any investigation with respect to alleged violations of the provisions of this Agreement each mill agrees that the State or National Committee and/or the Secretary may call upon the mill whose transactions are under investigation to furnish a statement of the facts under oath and that the State or National Committee and/or the Secretary may designate a reputable firm of public accountants to examine, during the usual business hours, the books and records of the mill whose practices are under investigation and report upon the matters that shall have been specified in a direction to such accountants. Said direction to the accountants must specifically set forth the matters upon which a report is required and said accountants shall not reveal any other matters whatsoever disclosed by said examination.

#### EXHIBIT B

#### PRICE INFORMATION

1. Each State Committee shall collect and publish market and other information in such manner as the National Committee may require.

2. For the information of all interested persons and to prevent discrimination, the prices being paid and/or bid by mills for seed of the basis grade according to the Official Standards of the United States, in each State or region shall be published in such manner as may be prescribed by the several State Committees, subject to the approval of the Director and of the Secretary. Such prices shall be furnished by all mills and must represent the true and actual prices bid and/or paid. Notice of all proposed changes in prices bid for seed shall be reported for publication during the period between 9 o'clock A.M. and 4 o'clock P.M. and at least one hour before any such change in price shall become effective. No seed shall be purchased or contracted for at the new price until after the effective hour.

3. Each mill shall report by telegram to the office under whose State Committee's jurisdiction it may be whenever a change in price occurs, the prices being bid and the prices paid for cotton seed on the basis grade of the Official Standards of the United States. The prices received for oil, cake, meal, hulls, and linters, wholesale and retail, together with the quantities sold shall be reported as and when required by the National Committee. The several State committees shall promptly publish, release to the press and radio, all prices bid and paid for cotton seed of the basis grade together with information as to the ginning communities in which the bids and purchases reported originated and such other information as may be authorized by the National Committee.

4. The several State Committees shall compile and publish in a daily newspaper of general circulation in the State or region affected as often as may be directed by the National Committee an estimate of the total value of the



products of a ton of cotton seed of the basis grade in accordance with the Official Standards of the United States, calculating the value of each product from the weighted average of the product prices as reported by the mills. These calculations shall be based on the following estimated yields: 313 pounds of crude oil, 822 pounds of cake and/or meal of 41.13 percent protein content, 125 pounds of linters, and 625 pounds of hulls.

5. Each mill shall post in a conspicuous place a schedule showing the prices offered by the mill for cotton seed of the basis grade and the prices for which it will sell cake, meal, and hulls, wholesale and retail.

### EXHIBIT C

#### PLAN OF ECONOMICAL OPERATION

##### Part I

1. (a) All contracts for the purchase of cotton seed shall provide for a specified tonnage at a specified price, that settlement shall be made at time of delivery on grades, according to the Official Standards of the United States.

(b) All contracts shall be entered into in good faith between buyer and seller, and subject to no alteration or cancellation save for legal cause.

(c) No contract shall be postdated or predated, or entered into without authorization and definite commitment at the time it is made by all parties thereto.

(d) All contracts must show a definite period of time within which shipment shall be made, which period shall be determined by the State Committees.

2. Contracts shall include a provision that the sampling and grading of the seed in question, at the request of the seller, expressed at the time of the making of the contract, must be done by an approved sampler and/or chemist of his selection. Should a seller exercise his right of choice of the sampler and/or chemist, and such sampler and/or chemist be other than the choice of the mill, the cost of such sampling and/or grading shall be paid for by the seller. The provisions of this Section and of Section 1 shall not invalidate present contracts entered into in good faith with growers, in conjunction with the financing of a crop, for delivery after ginning of the seed grown on a specified land area.

3. (a) The physical exchange of seed on a basis of tonnage or grade shall be encouraged whenever such exchange shall result in a reduction of transportation costs.

(b) The State Committees, subject to review by the Director shall determine the basis on which trucking rates shall be established, provided,

however, that such truck rates shall be not more than the short line mileage for the distance from point of origin to the mill town.

4. All purchases and/or contracts for the purchase of cotton seed shall be on the basis of the Official Standards of the United States, deliveries and settlements according to the Rules of the National Cottonseed Products Association (pertinent provisions of said Rules are attached as Part III of this exhibit). All purchases shall be f.o.b. point of origin, and all settlements made on weights and grades at destination, and on sampling and analysis by a competent sampler and chemist approved by the Director. For the purpose of settlement the grade shall be determined on all purchases of cotton seed of ten (10) tons or more delivered within ten (10) days.

5. The property and facilities of any mill shall be used at all times for the housing and/or processing of the seed and its products purchased and owned by the mill only.

6. No new loans or advances or credits for purchase of supplies to ginners or sellers of cotton seed shall be made by the mills without permission from the State Committee, subject to the approval of the Director, and present loans shall be reduced and liquidated as rapidly as possible. In no case shall a new loan be made or present loan renewed without adequate security and bearing a fair rate of interest for the use of the money advanced.

## PART II

### RULES OF THE NATIONAL COTTONSEED PRODUCTS ASSOCIATION

#### RULE 40

Section 1. Basis Cotton Seed shall have a grade of 100.0 in accordance with the provisions of Section 5 of this rule, or shall conform to the following analysis or its equivalent: 18.50 per cent total oil, 3.5 per cent total ammonia, not to exceed 1 per cent foreign matter, 12 per cent moisture, and/or 1.8 per cent free fatty acids in the oil in the seed at time of delivery; shall be untreated by either chemical or mechanical process other than the ordinary processes of cleaning, drying, ginning, and/or such sterilization as may be required in defined districts by the United States Department of Agriculture for quarantine purposes, and shall be cool.

Section 2. All quotations for cotton seed shall be made on Basis Cotton Seed f.o.b. shipping point and all purchases shall be settled for in accordance with Rule 140 on the grade and clean seed weight of the shipment at destination as determined from samples analyzed for oil, for ammonia, for moisture, for foreign matter and for free fatty acids.

Section 6. Large and Small Lot Purchases. For purposes of settlement, the grade shall be determined for all purchases of cotton seed of 10 tons or more for delivery within 10 days. Purchases of smaller lots of cotton seed

whether made at mill or through commission buyers, shall be made on the basis of the average grade of the seed in the community or district in which grown. The average grade of the producing communities or districts shall be determined from samples of current ginnings and deliveries and published weekly.

#### RULE 140

Section 1. When cotton seed delivered on a basis contract contain in excess of 1 per cent foreign matter the clean seed weight is to be determined by deducting from the weight of the shipment the weight of all foreign matter in excess of 1 per cent found in the seed by test. Settlement, including grade premiums or discounts, shall be computed on this clean seed weight.

Freight or other delivery expense on weight of foreign matter in excess of 1 per cent shall be paid by the seller by deduction in the settlement.

#### EXHIBIT "D"

#### PROVISIONS OF COTTON GINNERS' MARKETING AGREEMENT

Section 6, Paragraph (h) of Article II of the Cotton Ginnings' Marketing Agreement, signed by the Secretary on the \_\_\_\_\_ day of November, 1933, provides:

"To allocate the active gins under its jurisdiction into ginning communities on the bases of similarity of conditions affecting the ginning processes. A list of the ginning communities so established, together with the boundary of each and the names of the gins in each, shall be furnished the Secretary or his duly authorized agent, for approval."

Sections 1, 2 and 3 of Article VI of said Cotton Ginnings' Marketing Agreement provide:

"1. The average grade of cotton seed from current ginnings shall be determined as follows: On certain days to be determined by the State Administrative Committee, at least once a week throughout the ginning season, each ginner in each ginning community shall draw a fair sample of the seed ginned that day. The sample shall be made up of proportionately equal quantities drawn from each load of seed cotton. This sample shall be thoroughly mixed and composited with similar samples from other gins in the ginning community and the quantity of the sample from each gin shall be proportionate to the volume of ginning done at each gin for that day. A representative sample shall be drawn from the mixture and forwarded to a qualified chemist for analysis and grading according to official standards of the United



States. The drawing, mixing and quartering of all samples shall be done in accordance with the standard methods established in the service and Regulatory Announcements #133, issued August, 1932. The grade of this sample shall be considered the average grade of the cotton seed of the community until changed by the grade of a later community sample, and each ginner shall post in a conspicuous place in the gin the grade so established. A copy of each grade certificate shall be furnished to the Secretary.

"2. In the purchase of cottonseed from growers, ginners shall pay ninety percent (90%) of the community average grade price in wholesale lots on the date of purchase; provided, that in no case shall the difference between the average grade price and the price paid by the ginner exceed \$3.00 per ton when the average grade of the seed of current ginnings is 100 or higher, nor \$4.00 per ton when the average grade of the seed of current ginning is below 100. Nothing in this paragraph shall prevent a ginner from buying seed at prices above the prices herein set forth for the purpose of meeting competition of a party not operating under this Agreement.

"3. The storage of cotton seed by the ginner for account of the farmer is prohibited providing that nothing in this section shall prevent the ginner from reselling seed to the farmer for his personal use only at the price paid by the ginner at the time of purchase."

#### EXHIBIT E

#### RULES OF FAIR PRACTICE

The following shall be considered unfair practices - -

1. To make payment or allowance to sellers of cotton seed of commissions, bonuses, rebates, or subsidies of any kind, resulting in a departure from the prices reported by the individual mills.
2. To pay or allow any transportation charges to the seller of seed or his agent if such payment or allowance increases directly or indirectly the price paid and reported for the seed.
3. To purchase seed in any section at a price that will incur loss to a mill and thus tend to eliminate, oppress, or discriminate against other mills situated therein. The purchase of seed at a price showing a spread less than the minimum determined by the State Committee for the area in question shall be considered prima facie proof of violation of this section and the burden of showing otherwise shall be on the mill involved.

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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PROPOSED Marketing Agreement - Cottonseed Crushing Industry  
SUBMITTED BY National Cottonseed Products Association  
Re-drafted November 4, 1933

- - - - -

I, Ammon McClellan, Chief Hearing Clerk, Department of Agriculture, do hereby certify that this is a true and correct copy of the Cottonseed Crushing Agreement delivered to this office from Dr. G. R. Arner, of the COTTON Section.

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Ammon McClellan,  
Chief Hearing Clerk,  
5428 South Building,  
Department of Agriculture.





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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION.

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PROPOSED  
CODE OF FAIR COMPETITION  
FOR  
COTTONSEED OIL REFINING INDUSTRY  
SET FOR HEARING  
DECEMBER 15, 1933.

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The Code for the Cottonseed Oil Refining Industry in its present form merely reflects the proposal of the above mentioned Industry, and none of the provisions contained herein are to be regarded as having received the approval of the Agricultural Adjustment Administration, or the National Recovery Administration as applying to this Industry.



CODE OF FAIR COMPETITION

COTTONSEED OIL REFINING INDUSTRY

(November 16th, 1933)

ARTICLE I

Purposes.

Whereas, it is the declared policy of Congress as set forth in Section 1 of title I of the National Industrial Recovery Act:

to remove obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof; and to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, to induce and maintain united action of labor and management under adequate governmental sanctions and supervision, to eliminate unfair competitive practices, to promote the fullest possible utilization of the present productive capacity of industries, to avoid undue restriction of production (except as may be temporarily required), to increase the consumption of industrial and agricultural products by increasing purchasing power, to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry and to conserve natural resources;

Now therefore, to effectuate such policy, the following provisions are established as a code of fair competition for the Cottonseed Oil Refining Industry, and upon approval of the President, shall be the standards of fair competition for such industry and shall be binding upon every member thereof.

ARTICLE II

Definitions.

Section 1. As used in this code,-

(a) The term "President" means the President of the United States.

(b) The term "Secretary" means the Secretary of Agriculture of the United States.

(c) The term "National Recovery Administrator" means the duly designated representative of the President to administer such functions and power under title I of the National Industrial Recovery Act as are not delegated to the Secretary by Executive Order.

(d) The term "Act" means title I of the National Industrial Recovery Act, approved June 16, 1933.

(e) The term "person" means individual, partnership, corporation, association and any other business unit.

(f) The "Cottonseed Oil Refining Industry" herein referred to as the "Industry" means the industry whose principal business is the refining of



cottonseed oil and/or procuring raw materials for, and the manufacture and sale by the manufacturer of Refined Oil, Shortening, Cooking Oil or Salad Oil, composed wholly or in part of cottonseed oil.

(g) The term "employee" means any person engaged in the industry in any capacity receiving compensation for his services, irrespective of the nature or method of payment of such compensation.

(h) The term "employer" means any person by whom any such employee is compensated or employed.

(i) The term "member of the industry" means any person engaged in the industry, either as an employer or on his own behalf.

(j) The term "State" includes Territory and the District of Columbia.

(k) The term "books and records" means any books, records, accounts, contracts, documents, memoranda, papers, correspondence or other written data pertaining to the business of the person in question.

(l) The term "subsidiary" means any person, of or over whom, a member of the industry has, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.

(m) The term "affiliate" means any person who has, either directly or indirectly, actual or legal control of or over a member of the industry, whether by stock ownership or in any other manner.

(n) The term "Crude Cottonseed Oil" means the oil expressed or extracted from the seed of the cotton plant.

(o) The term "Refined Cottonseed Oil" includes all cottonseed oil so processed as to become edible.

(p) The term "Shortening" as used in this agreement includes all vegetable oil compounds wholly or partially hydrogenated and composed wholly or in part of cottonseed oil.

(q) The term "Cooking Oil" as used in this agreement includes all refined oils manufactured and sold by the industry for cooking purposes and which are composed wholly or in part of cottonseed oil.

(r) The term "Salad Oil" as used in this agreement includes all oils manufactured and sold for table use or for use in combination with other oils or condiments for table use which are composed wholly or in part of cottonseed oil.

### ARTICLE III

A. Members of the Industry shall not employ any factory or mechanical worker more than a maximum week of 40 hours but with the right within the next year and each year thereafter to work a maximum week of 48 hours for not to exceed 10 weeks; nor to employ a worker in excess of 10 hours in any one day, except as follows:

1. Technical or professional employees such as chemists, etc. engaged in their technical or professional capacity but not including skilled operating personnel; employees in a managerial, supervisory, or executive capacity who receive \$35.00 or more per week; supervisors or highly skilled workers in continuous processes where restriction of hours would unavoidably reduce production, and who receive \$35.00 or more per week; employees on emergency maintenance and repair work; watchmen; and outside salesman.

2. Immediate assistants to employees in a managerial, supervisory or executive capacity, which assistants receive less than \$35.00 per week, and supervisors or highly skilled workers in continuous processes where restrictions of hours would unavoidably reduce production and who receive less than \$35.00 per week, who shall not work or be permitted to work in excess of 48 hours per week.

3. Accounting, clerical, office, store, shipping, service, or inside sales employees, who shall not work or be permitted to work in excess of an average of 40 hours per week in any six months' period or in excess of 48 hours in any calendar week.

4. Employees on automotive or horse-drawn passenger, express, delivery, or freight service, who shall not work or be permitted to work in excess of an average of 44 hours per week in any six months' period or in excess of 48 hours in any calendar week.

5. Engineers, firemen, water tenders, and oilers, who shall not work or be permitted to work in excess of 48 hours a week.

B. If any employee on an hourly rate of pay works in excess of 8 hours in any 24-hour period, or in excess of 40 hours in any calendar week, the wage paid for excess hours shall not be less than one and one-third the regular hourly rate.

C. If any employee works for more than one employer, no such employer or employers shall knowingly permit such employee to work for a total number of hours in excess of the number of hours prescribed, and all employers in the industry shall exercise due diligence to carry out the purpose of this section.

#### ARTICLE IV

A. No employee in the North shall be paid less than 40¢ an hour in towns of over 500,000 population or in the immediate trade area thereof and 37-1/2¢ an hour in smaller towns; nor in the Southern states less than 30¢ an hour, except as follows:

1. Learners or apprentices in operations other than the light tasks of wrapping, packaging and filling; and not exceeding 5 per cent of the total number of employees in any establishment,

during the first 60 days of apprenticeship in the industry shall be paid not less than 90 per cent of the minimum rates above prescribed.

2. Employees in the North engaged in the light tasks of wrapping, packaging and filling shall be paid not less than 35¢ an hour in towns of over 500,000 population or in the immediate trade area thereof; and 32-1/2¢ in smaller towns; and in the Southern states not less than 25¢ an hour. Such employees during the first 6 months of their employment shall be paid not less than 90 per cent of the rate herein established, but in no case shall the number of these employees exceed 25 per cent of the total number engaged in the light tasks of wrapping, packaging and filling.

3. Employees of the classes mentioned in subsections 3 and 4 of paragraph A of Article III shall be paid not less than \$15.00 per week in any city of over 500,000 population, or in the immediate trade area of such city. \$14.00 per week in any other part of the United States.

4. Messengers, junior clerks, or others doing a junior grade of office or clerical work shall be paid not less than \$12.00 per week, but the number of such employees shall not exceed 5 per cent of the total number of office employees in any establishment.

B. Each employee on piece work shall be paid at a rate which will guarantee not less per hour than the hourly rate to which he is entitled under this Article.

C. Based upon changes in minimum pay necessitated by the foregoing paragraphs of this Article, each employer shall in each establishment make fair and equitable readjustment of all pay schedules.

D. There shall be no evasion of this Code by any member of the Industry by reclassification of general types of occupations existing on June 15, 1933.

#### ARTICLE V

A. No person under 16 years of age shall be employed in this Industry.

B. Employers shall comply with the following requirements of section 7 (a) of the Act:

"Employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; (2)



no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing, and (3) employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President."

## ARTICLE VI

### Unfair methods of competition.

A. The following practices constitute unfair methods of competition.

Section 1. False advertising. -- To publish or disseminate in any manner any false advertisement of any food. An advertisement shall be deemed to be false if it is untrue in any particular, or if directly or by ambiguity or inference it creates a misleading impression or includes any representations concerning any curative, therapeutic, or preventive effect which is contrary to the general agreement of medical opinion.

Section 2. Misbranding. -- To sell or otherwise introduce into commerce any food that is misbranded. A food shall be deemed to be misbranded: --

(a) Standards of fill. -- If its container is so made, formed, or filled as to mislead the purchaser, or (2) its contents fall below the standard of fill to be prescribed by regulations of the Secretary hereunder.

(b) Standards of identity. -- If it purports to be or is represented as a food for which a definition of identity has been prescribed by regulations of the Secretary hereunder and fails to conform to the definition.

(c) Standards of quality. -- If it purports to be or is represented as a food for which standards of quality have been prescribed by regulations of the Secretary hereunder, and (1) fails to state on the label, if so required by the regulations, its standard of quality in such terms as the regulations specify, or (2) falls below the standard stated on the label.

(d) Label requirements. -- (1) If in package form and it fails to bear a label containing the name and place of business of the manufacturer, packer, seller, or distributor.

(2) Commencing on \_\_\_\_\_, if its label fails to bear (1) the common or usual name of the food, if any there be; and (2) the common or usual name of each ingredient thereof in order of predominance by weight. The Secretary is hereby authorized to prescribe by regulations requirements for such further information on the label thereof as he may deem necessary to protect the public from deception.

(3) If any word, statement, or other information required on the label to avoid misbranding under any provision of this section, is not prominently

placed thereon in such a manner as to be easily seen and in such terms as to be readily intelligible to the purchasers and users of such articles under customary conditions of purchase and use.

(c) Food and Drugs Act requirements. -- If it is misbranded within the meaning of the Federal Foods and Drugs Act, as now or hereafter amended.

Section 3. As used in sections 1 and 2 of this article, the term "food" means human and animal foods, including beverages, confectionery and condiments, and all substances or preparations used for food or entering into the composition of food, or used in the cooking or packing of food.

Section 4. Open Prices. -- To sell his products to trade buyers except upon the basis of open prices, which are uniform to all trade buyers of the same quantity who are in the same distribution class as to service and who are located in the same competitive market.

The term "open prices", as used in this article, means a price list (a) which is published for the equal information of all trade buyers alike, located in the same competitive market, and (b) which states all the sellers prevailing terms of sale.

Section 5. Fictitious Prices. -- Either (a) to quote a fictitious price, or (b) to make any price statement or representation or claim which is designed and/or effective to mislead or to deceive the purchaser or unfairly to injure a competitor.

Section 6. Rebates. -- To pay or allow rebates, refunds, commissions or unearned discounts, whether in the form of money or otherwise, or extend to certain purchasers special services or privileges not extended to all purchasers under like terms and conditions.

Section 7. Invoicing. -- To make a sale without specification of quantity, brand, price, time of shipment, and all other terms of sale or

Section 8. False Invoicing. -- To withhold or insert in the invoice any statement which will make the invoice a false record, wholly or in part, of the transaction represented on the face thereof.

Section 9. Transportation Allowances. -- To make any allowances for transportation to customers for services performed or presumed to have been performed by them.

Section 10. Consignment Shipments. -- The making of or entering into an agreement or contract, the effect of which will amount to the shipment and/or delivery of the products of this industry on consignment.

"Consignment" as used herein, means the shipment or delivery of the products of this industry, the title of which remains in the shipper. Provided, however, that nothing herein contained is to be construed to prevent the shipment or delivery of the products of this industry wherein the shipper retains title thereto, for the purpose of securing himself against default in payment for said products of this industry.

Section 11. False Reports. -- To spread or publish false reports in regard to the quality of the products or the financial standing of a competing member of the Industry.

Section 12. Private brands. -- To sell or offer to sell private brands not in existence and use on \_\_\_\_\_, or for any member of the Industry to sell or offer to sell an unbranded package.

B. Regulations for the purpose of this article shall be prescribed by the Secretary only after due notice and opportunity for hearing to members of the Industry and other interested persons.

## ARTICLE VII

### REPORTS

Section 1. The members of the Industry shall severally, from time to time, upon the request of the Secretary (or the Secretary or the National Recovery Administrator in case of information relating to hours of labor, rates of pay, or other conditions of employment) furnish such information, on and in accordance with forms or reports to be supplied, as may be deemed necessary for the purposes of (1) assisting in the furtherance of the powers and duties of the Secretary or the National Recovery Administrator with respect to this Code and/or (2) enabling the Secretary or the National Recovery Administrator to ascertain and determine the extent to which the declared policy of the Act and the purposes of this Code will be effectuated, such reports to be verified under oath.

Section 2. The members of the Industry shall severally permit, for the same purposes and/or to enable the Secretary or the National Recovery Administrator to verify the information furnished on said forms of reports, all their books and records and the books and records of their affiliates and subsidiaries, to be examined by the Secretary or the National Recovery Administrator during the usual hours of business.

Section 3. The members of the industry shall severally keep books and records which will clearly reflect all financial transactions of their respective businesses and the financial conditions thereof, and shall see to it that their respective subsidiaries and affiliates keep such records.

Section 4. All information furnished the Secretary pursuant to this article shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration, except that such information may be published in statistical form without disclosing the operation of any manufacturer.

## ARTICLE VIII

### SUPERVISORY BODY

Section 1. (a) A Supervisory Body of \_\_\_\_\_, which shall

be known as the Cottonseed Oil Refining Industry Control Committee, hereinafter referred to as the Control Committee, shall be established by the Industry for the purpose of administering, supervising and promoting the performance of the provisions of this Code. This Control Committee shall be selected immediately upon the approval of this Code and in accordance with the following rules:

- (1) Each member of the Industry shall be entitled to one vote.
- (2) The members of the Control Committee shall be subject to the approval of the Secretary.
- (3) The Secretary and the National Recovery Administrator may each appoint a representative to attend the meetings of this Control Committee.
- (4) Any vacancies occurring in the membership of this Control Committee shall be filled for the unexpired term by the vote of the Control Committee and such new members shall be subject to the approval of the Secretary.
- (5) The Control Committee shall have a managing agent duly elected and appointed by such Control Committee and said managing agent shall perform such duties as may be designated by the Control Committee. The managing agent is to be a person who has no commercial interest in this Industry or any member of the Industry.
- (6) In the selection of the Control Committee a vote cast by mail or by proxy shall have the same force and effect as a vote cast at meeting.
- (7) The Cottonseed Oil Refining Industry Control Committee shall have as its Chairman one of its members duly elected by said Control Committee.

(b) Rules, Regulations and Decisions. Rules, regulations and decisions of the Control Committee pertaining to provisions of this Code other than labor provisions shall be submitted for consideration to the Secretary of Agriculture, and such rules, regulations and decisions shall be subject to his disapproval. Rules, regulations and decisions of the Control Committee pertaining to the labor provisions of this Code shall be submitted for consideration to the Administrator, and such rules, regulations and decisions shall be subject to his disapproval.

Provided, that if such decision is not announced within ten days the Control Committee may act in accordance with such rule, regulation or decision until such time as the rule, regulation or decision shall be disapproved.

Section 2. The powers and duties of the Control Committee shall be as follows:

- (a) To administer this Code subject to review, approval and regulation by the Secretary.
- (b) To act as a planning and research agency for the Industry and to make recommendations to effectuate the public policy of Title I of the Act.



(c) To receive and hear complaints of alleged violations of this Code.

(d) To submit to the Secretary reports of apparent violations found in pursuance of the administration, Article VIII, Section 2, Clause (c).

(e) To recommend amendments of this Code to the Secretary and to submit reports to him from time to time on the operating and/or effects of this Code.

#### ARTICLE IX

Duration of immunities.

Section 1. The benefits, privileges and immunities conferred by this Code shall cease upon its termination except with respect to acts done prior thereto.

#### ARTICLE X

Agents.

Section 1. The Secretary and the National Recovery Administrator may each by designation in writing name any person, including any officer or employee of the Government, to act as his agent in connection with his respective powers and duties under any provision of this Code.

#### ARTICLE XI

#### MANDATORY PROVISIONS

Section 1. This Code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provision of Section 10 (b) of the Act, from time to time, to cancel or modify any order, approval, license, rule or regulation issued under the Act, and specifically, but without limitation, to the right of the President to cancel or modify his approval of the Code or any conditions imposed by him upon his approval thereof.

Section 2. As provided in Section 3 (a) of Title I of the National Industrial Recovery Act, nothing in this Code shall be construed or administered in such a manner as to promote monopolies or to eliminate or oppress small enterprises, and no provision herein contained shall be construed or administered in such a manner as to discriminate against small enterprises.

Section 3. Nothing contained herein shall be construed in derogation of the rights of the Secretary and/or the Administrator under the National Recovery Act to act in the premises, nor in derogation of the rights of any person to be heard under such right of hearing as granted by said Act, or otherwise by law.

ARTICLE XII

AMENDATORY PROVISIONS

Section 1. It is contemplated that from time to time supplementary provisions to this Code or additional conditions will be submitted for the approval of the President and/or the Secretary to prevent unfair competition and to effectuate the other purposes and policies of Title I of the National Industrial Recovery Act, with the approval of the President and/or Secretary, the provisions of this code may be modified or eliminated as changes in circumstances or experience may indicate.

ARTICLE XIII

EFFECTIVE TIME

Section 1. This Code shall become effective on the second day after its approval by the President.

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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PROPOSED CODE OF FAIR COMPETITION

COTTONSEED OIL REFINING INDUSTRY

submitted by

COTTONSEED OIL REFINING INDUSTRY

AS DRAFTED NOVEMBER 14, 1933.

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I, Ammon McClellan, Chief Hearing Clerk, Department of Agriculture, do hereby certify that this is a true and correct copy of the Code of Fair Competition for the Cottonseed Oil Refining Industry delivered to this office by Mr. D. S. Murph, Chief, Cotton Section.

Ammon McClellan.  
Chief Hearing Clerk,  
5428 South Building  
Department of Agriculture.

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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PROPOSED  
MARKETING AGREEMENT  
COTTON SEED OIL REFINING INDUSTRY  
As Set for Hearing  
December 15, 1933.

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This Marketing Agreement for COTTON SEED OIL REFINING INDUSTRY in its present form merely reflects the proposal of the above mentioned Industry, and none of the provisions contained therein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this Industry.



MARKETING AGREEMENT FOR

November 14, 1933

The Cottonseed Oil Refining Industry

ARTICLE I

The parties to this agreement are the members of the Cottonseed Oil Refining Industry and the Secretary of Agriculture of the United States.

Whereas, it is the declared policy of Congress as set forth in section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended --

(a) To establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period, the base period in the case of all agricultural commodities except tobacco being the pre-war period, August 1909-July 1914, and in the case of tobacco, the base period being the post-war period, August 1919-July 1929;

(b) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets; and

(c) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period, August 1909-July 1914;-

And --

Whereas, pursuant to the Agricultural Adjustment Act, the parties hereto, for the purpose of correcting conditions now obtaining in the production of refined cottonseed oil, shortening, cooking oil and salad oil and the distribution thereof, and to effectuate the declared policy of the act, desire to enter into a marketing agreement under the provisions of section 8 (2) of the act;

Now therefore, the parties hereto agree as follows:

ARTICLE II

Definitions

1. As used in this agreement, --

(a) The term "Secretary" means the Secretary of Agriculture of the United States.

(b) The term "act" means the Agricultural Adjustment Act, approved May 12, 1933, as amended.

(c) The term "person" means individual, partnership, corporation, association and any other business unit.

(d) The term "Cottonseed Oil Refining Industry", (herein referred to as the Industry), as used in this agreement is the industry whose principal business is the refining of cottonseed oil, and/or procuring raw materials for, and the manufacture and sale by the manufacturer of refined cottonseed oil and of shortening, cooking oil or salad oil composed wholly or in part of cottonseed oil.

(e) The term "member of the Industry" means any person engaged in the cottonseed oil refining Industry as defined in paragraph (d) of this Article, and shall include its subsidiaries and affiliates.

(f) The term "books and records" means any books, records, accounts contracts, documents, memoranda, papers, correspondence or other written data pertaining to the business of the industry in question.

(g) The term "subsidiary" means any person of or over whom any member of the industry has either directly or indirectly actual or legal control whether by stock ownership or in any other manner.

(h) The term "affiliate" means any person who has either directly or indirectly actual or legal control of or over a member of the Industry whether by stock ownership or in any other manner.

(i) The term "crude cottonseed oil" means the oil expressed or extracted from the seed of the cotton plant.

(j) The term "refined cottonseed oil" includes all cottonseed oil so processed as to become edible.

(k) The term "shortening" as used in this agreement includes all vegetable oil compounds wholly or partially hydrogenated and composed wholly or in part of cotton seed oil.

(l) The term "cooking oil" as used in this agreement includes all refined oils manufactured and sold by the Industry for cooking purposes and which are composed wholly or in part of cottonseed oil.

(m) The term "salad oil" as used in this agreement includes all oils manufactured and sold for table use or for use in combination with other oils or condiments for table use which are composed wholly or in part of cottonseed oil.

## ARTICLE III

### Price Control

1. In order to effectuate the purpose of the Agricultural Adjustment Act, it is hereby declared to be the policy of the industry to restore to the farmers, on whom the industry depends for its supply of cottonseed oil, the price parity of cottonseed with the articles these farmers buy, equivalent to the purchasing power of agricultural commodities in the base period August 1909-July 1914.

2. The members of the Industry agree that, since the price of cottonseed is largely determined by the price of crude cottonseed oil and since the price of crude cottonseed oil in turn is largely determined by the market prices of cottonseed oil shortening, cooking oil and salad oil, that the price of the products of the Industry should increase as rapidly as possible until such time as the price of cottonseed shall reach said parity price.

3. Since cottonseed oil shortening, including cooking oil, and lard are recognized as competitive products, the members of the Industry agree that the prices of both products should be increased together until the price of cottonseed shall reach said parity price, and to the further end that said parity price shall be maintained. To this end the members of the Industry further agree that until said price parity is reached they will pay for crude cottonseed oil a price, based on the Memphis market, not more than three (3) cents per pound below the Chicago price of refined lard, except as said margin is changed by the Secretary, pursuant to Section 6 of this Article.

4. The members of the Industry further agree that in each week from the effective date of this agreement until said price parity for cottonseed is attained, they will buy at least as much crude cottonseed oil of the current crop, or the oil equivalent in cottonseed, as they use during that week in the manufacture of shortening or shortening compounds, and that except as provided in Section 5 of this Article, they will maintain their market positions and their stocks of cottonseed oil or its equivalent in cottonseed as of the effective date of this agreement, until such price parity is reached, except that during the period May 1 to July 31 of each year, they shall not be required to purchase more than 65 per cent of the crude cottonseed oil, or its oil equivalent in cottonseed, which they use in the manufacture of shortening or shortening compounds; provided that such oil or cottonseed is available at the price computed in accordance with Section 3 of this Article.

5. The provisions of Section 4 of this Article shall remain in force only during such time as the price of cottonseed remains below said parity price. If and when the price of cottonseed rises above said parity price. The relationship between the price of crude cottonseed oil and the price of lard shall be maintained at no more than the same percentage difference as at the time said price parity was last reached. Provided that if at any time the price of cottonseed again falls below said parity

price, the provisions of Sections 3 and 4 of this Article shall again have full force and effect, and stocks shall be maintained as of the date on which the parity price for cottonseed was last paid.

6. Within 60 days of the effective date of this agreement the Control Committee shall ascertain and determine the actual manufacturing costs, including reasonable allowance for overhead and depreciation of plant and equipment, for the several principal products of the Industry, including shortening, cooking oil and salad oil. Such manufacturing costs shall in all cases include the cost of refining crude cottonseed oil. When said manufacturing costs have been determined they shall be submitted in a report to the Secretary, who may, on the evidence of this report increase or decrease the permitted margin between the price of refined lard and the price of crude cottonseed oil as specified in this Article.

7. The members of the Industry further agree that they will maintain prices for refined cottonseed oil sold as such, including salad oil, and for any other products of the Industry not specified in this Article at the equivalent in oil value of the prices of cottonseed oil shortening, and that they will not in any way sell or otherwise dispose of cottonseed oil products in such manner as to evade any of the provisions of this Article.

#### ARTICLE IV

##### Foreign Oils

1. The members of the Industry further severally agree that on and after the effective date of this agreement whenever they use any fat or oil ingredients in the manufacture of shortening, cooking oil or salad oil, except fats or oils produced from seeds and/or animals grown within the borders of the United States, including its organized territories, if the price of said oils or fats is less than the current market price of crude cottonseed oil, they will pay to the Control Committee an amount which will be equal to the price advantage which said member would obtain by the use of said oil or fat as compared with the use of crude cottonseed oil or its equivalent in refined cottonseed oil. For the purpose of this agreement, the term "animals grown within the borders of the United States" shall include fish or other marine animals from which oil is extracted, grown or produced within the borders of the United States or procured by United States vessels whether or not such vessels obtain their catches on the high seas.

2. It shall be the duty of the Control Committee to calculate on the basis of such factors it may determine, the price advantage which at any time any member of the Industry would obtain by the use as an ingredient in any of the products covered by this agreement, of any fat or oil not produced from seeds or animals grown within the borders of the United States including its organized territories.

3. The payments so collected by the Control Committee shall be placed in a separate fund under the control of a board of trustees to be appointed by the Secretary. Expenditures may be made from this fund only



when approved by the Secretary and only for the purpose of effectuating the declared policies of this Marketing Agreement.

## ARTICLE V

### Reports

1. The members of the Industry shall severally, from time to time, upon the request of the Secretary, furnish him such information, on and in accordance with forms of reports to be supplied by him, as may be necessary for the purposes of (1) assisting the Secretary in the furtherance of his powers and duties with respect to this agreement, and/or (2) enabling the Secretary to ascertain and determine the extent to which the declared policy of the act and the purposes of this agreement will be effectuated, such reports to be verified under oath.

2. The members of the Industry also severally agree that, for the same purposes, and for the purpose of determining actual manufacturing costs pursuant to Section 6 of Article III of this agreement, and/or to enable the Secretary to verify the information furnished him on said forms of report, all their books and records, and the books and records of their affiliates and subsidiaries, shall during the usual hours of business be subject to the examination of the Secretary, and the Control Committee.

3. The members of the Industry shall severally keep books and records which will clearly reflect all financial transactions of their respective businesses and the financial condition thereof, and shall see to it that their respective subsidiaries and affiliates keep such records.

4. All information furnished pursuant to this Article shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration. The Secretary, however, may combine the information obtained from members of the Industry and/or subsidiaries or affiliates in the form of general statistical studies or data, and publish the same.

## ARTICLE VI

### Prices and Sales

1. Each member of the Industry shall sell only on the basis of open prices and terms, which are to be reported immediately to the administrative officer of the Control Committee, and which shall be uniform from him to all trade buyers of the same quantity, under the same conditions, located in the same competitive trade area, and which shall be strictly adhered to until changed.

2. When a member changes the price and/or terms at which he is selling or offering to sell any of his products, he shall immediately furnish a report of such changes to the administrative officer of the Control Committee, who shall publish them to interested members and to others who are interested throughout the trade, and to trade journals that are interested.

3. The Control Committee may designate minimum and maximum lapses of time that shall transpire between the filing of price changes with the administrative officer of the Control Committee and the effective date thereof.

4. All sales shall be for a specified quantity of a specified brand or grade.

## ARTICLE VII

### Control Committee

1. To effectuate and further the policies of the act and the purposes of this marketing agreement, a Control Committee of the Industry, representing the various interests in the Industry, is hereby established to assist in the administration of this marketing agreement and to cooperate with the Secretary as a planning agency for the Industry.

2. The Control Committee shall be selected immediately upon the approval of this marketing agreement and in accordance with the following rules:

(a) each member of the industry shall be entitled to one vote;

(b) the members of the Control Committee shall be subject to the approval of the Secretary;

(c) the Secretary may appoint a representative to attend the meetings of this Control Committee;

(d) any vacancies occurring in the membership of this Control Committee shall be filled for the unexpired term by the vote of the said Committee and such new members shall be subject to the approval of the Secretary;

(e) the Control Committee shall have a managing agent, duly elected and appointed by such Committee, and such managing agent shall perform such duties as may be designated by the Control Committee. The managing agent is to be a person who has no commercial interest in this industry or any member of the industry;

(f) in the selection of the Control Committee a vote cast by mail or by proxy shall have the same force and effect as a vote cast in person;

(g) the Control Committee shall have as its Chairman one of its members duly elected by such Control Committee.

3. Rules, regulations and decisions of the Control Committee pertaining to provisions of this marketing agreement shall be submitted for consideration to the Secretary of Agriculture, and such rules, regulations and decisions shall be subject to his disapproval, provided that if such decision is not announced within ten days, the Control Committee may act in accordance with such rules, regulations or decisions until such time as the rules, regulations or decisions shall be disapproved.

4. The powers and duties of the Control Committee shall be as follows:

(a) to administer this marketing agreement subject to review; approval and regulation by the Secretary;

(b) to receive and hear complaints of alleged violations of this marketing agreement;

(c) to submit to the Secretary reports of apparent violations found in this marketing agreement;

(d) to recommend amendments to this marketing agreement to the Secretary and to submit reports to him from time to time on the operation and/or effect of this marketing agreement.

5. The Control Committee may set up such regional or sub-committees as deemed advisable to cooperate with it in carrying out its duties.

6. The Control Committee may require members of the Industry to bear their prorated share, based on volume, of the expense of the administration of this marketing agreement. For this purpose the volume of pounds for the preceding year may be taken as representing the volume.

7. Records shall be made of the actions and interpretations of the Control Committee and if and to the extent requested by the Secretary, such actions and interpretations shall be forwarded to the Secretary for his consideration and subject to his disapproval.

## ARTICLE VIII

### Licensing

1. The members of the industry hereby apply for and consent to licensing by the Secretary, subject to the applicable General Regulations, Agricultural Adjustment Administration.

## ARTICLE IX

### Effective Time

1. This agreement shall become effective at such time as the Secretary may declare above his signature attached hereto, and this agreement shall continue in force until terminated as follows:

(a) The Secretary may at any time terminate this agreement as to any party signatory thereto by giving at least one day's notice by depositing the same in the mail and addressed to such party at his last known address.

(b) The Secretary shall terminate this agreement upon the request of \_\_\_\_\_ per cent of the members of the industry or members producing \_\_\_\_\_ per cent of the entire volume of production of shortening, cooking oil or salad oil during the preceding calendar year by giving at least one day's notice by means of a press release or in any other manner which the Secretary may determine.

(c) This agreement shall in any event terminate whenever the provisions of the act authorizing it cease to be in effect.

## ARTICLE X

### Duration of Immunities

1. The benefits, privileges and immunities conferred by virtue of this agreement shall cease upon its termination except with respect to acts done prior thereto; and the benefits, privileges and immunities conferred by this agreement upon any party signatory hereto shall cease upon its termination as to such party except with respect to acts done prior thereto.

## ARTICLE XI

### Counterparts

1. This agreement may be executed in multiple counterparts, which when signed by the Secretary shall constitute, when taken together, one and the same instrument as if all such signatures were contained in one original.

## ARTICLE XII

### Amendments

1. Amendments may be proposed by any member of the Industry. Each proposed amendment shall be filed with the Control Committee for consideration and submission with its recommendations to the Secretary. Amendments shall become effective upon approval by the Secretary, and upon such date as he shall determine. The Control Committee and/or the Secretary may call such hearings as may be deemed necessary for a proper consideration of any proposed amendment.



ARTICLE XIII

Additional Parties

1. After this agreement first takes effect any member of the industry may become a party to this agreement, if a counterpart thereof is executed by him and by the Secretary. This agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges and immunities conferred by this agreement shall then be effective as to such new contracting party.

ARTICLE XIV

Agents

1. The Secretary may by a designation in writing, name any person, including any officer or employee of the Government, to act as his agent in connection with any of the provisions of this agreement.

ARTICLE XV

Signature of Parties

In witness whereof the contracting parties, acting under the provisions of the Agricultural Adjustment Act, for the purposes and subject to the limitations herein contained, and not otherwise, have hereunto set their respective hands and seals.

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WHEREAS, it is provided by section 8 of the act as follows:

In order to effectuate the declared policy, the Secretary of Agriculture shall have power to enter into marketing agreements with processors, associations of producers, and others engaged in the handling in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the anti-trust laws of the United States, and any such agreement shall be deemed to be lawful: Provided, That no such agreement shall remain in force after the termination of this act;

And ---

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the act, and the regulations issued thereunder; and

WHEREAS, it appears after due consideration that this is a marketing agreement between the Secretary and the persons engaged in the refining of cottonseed oil, and/or procuring raw materials for, and the manufacture and sale by the manufacturer of refined cottonseed oil and of shortening, cooking oil, or salad oil composed wholly or in part of cottonseed oil, in the current of interstate and/or foreign commerce within the meaning of section 8(2); and

WHEREAS, it appears, after due consideration, that this Agreement will tend to effectuate the policy of Congress declared in section 2 of the act, as hereinbefore in this Agreement set forth; and

WHEREAS, I hereby give notice that: - (1) The Secretary reserves the privilege of approving a blanket marketing agreement, pursuant to section 8 (2) of the act, covering the whole chain or related industries, of which this industry forms one segment after suitable investigation of the chain of industries which should participate in this blanket Agreement:

NOW THEREFORE, I, Henry A. Wallace, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purposes and within the limitations therein contained, and not otherwise, do hereby execute this Agreement under my hand and official seal of the Department of Agriculture, in the city of Washington, D. C., on this            day of           , and pursuant to the provisions hereof declare this Agreement to be effective on and after           , eastern standard time.

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Secretary of Agriculture

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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PROPOSED MARKETING AGREEMENT

COTTON SEED OIL REFINING INDUSTRY

SUBMITTED BY: COTTON SEED OIL REFINING INDUSTRY

Drafted November 14, 1933

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I, Ammon McClellan, Chief Hearing Clerk,  
Department of Agriculture, do hereby certify  
that this is a true and correct copy of the  
Marketing Agreement COTTON SEED OIL REFINING  
INDUSTRY, delivered to this office by Mr. D.  
S. Murph, Chief, Cotton Section.

Ammon McClellan,  
Chief Hearing Clerk  
5428 South Building  
Washington, D. C.



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